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CITY MANAGER PRESENTS PROPOSED OPERATING BUDGET FOR FY 2012-2013

(GREENVILLE SC) Greenville City Manager John Castile presented the City's proposed FY 2012-2013 operating budget to City Council at the first of two work sessions this afternoon. The proposed budget for all funds is \$133,416,539, including a General Fund budget of \$65,524,737. This represents an overall budgetary increase of 4.3% and a General Fund increase of 2.4% from the adopted FY 2011-12 operating budget. The proposed budget reflects a minimal growth environment as the City transitions from recession into recovery, yet maintains the existing 20% fund balance requirement.

According to Castile, the FY 2012-13 proposed operating budget sets the framework for addressing several long-standing issues, preserves the City's service portfolio and advances several of City Council's objectives. In general, the proposed budget addresses rising costs from pensions, fuel and health insurance; maintains existing level of service; provides for a cost-of-living adjustment, while also beginning implementation of the recently completed compensation study, and continues to address the backlog of equipment replacement.

The property tax millage remains at 85.4, marking the 17th consecutive year with no increase to the tax rate. Additionally, no increase is recommended for the wastewater (sewer) fee. A 3.2% inflationary rate adjustment is recommended for the stormwater fee and the solid waste fee is recommended to increase \$1.00 per month.

Property taxes comprise 43.5% of all General Fund revenues and represent the City's largest revenue source. The estimate for FY 2012-2013 is \$28,215,751, which is a 1.5% decrease from the FY 2011-2012 property tax estimate of \$28,632,561 and is due to declining commercial assessments. Licenses and permits represent the second largest revenue source for the City, comprising 42.2% of all General Fund revenues. The most significant source is the business license tax, which is among the most economically sensitive revenues. The projection of \$11,724,750 in business license receipts (excluding insurance companies and telecommunications) is 7.3% more than the FY 2011-2012 forecast of \$10,929,550. Current year-to-date collections indicate that this revenue source is improving along with economic conditions.

In FY 2011-2012, the City conducted a compensation study to evaluate current employee compensation relative to the market and to determine revised salary structures. The proposed budget includes an allocation of 2.5% of current payroll dollars to employee increases. This includes a 2.0% cost of living adjustment for all employees. The remaining .5% will be used to begin phasing in new salary structures over the course of three years. The budget also anticipates a 10% increase in health insurance premiums, with no assumed change in the percentage paid by the City or changes in copays or deductibles, as well as increases required by the state for the South Carolina Retirement System and the Police Officers Retirement System.

A net increase of nine positions across all funds is included in the proposed budget. Eight of those positions are being offset by grant funding. There is a net increase of one position in the General Fund.

The proposed budget includes \$2,679,158 in capital outlay, including \$1,472,226 in the General Fund and \$1,206,932 in other funds. Funding for vehicle and equipment replacement increased by \$983,486 from FY 2011-2012 to begin addressing an equipment replacement backlog.

The proposed FY 2012-13 budget addresses many of the objectives outlined by City Council, including the following:

Objective 1: Gateway Commercial Districts

The capital budget includes \$469,000 in improvements to commercial corridors in the Haywood/Woods Crossing, Augusta Street and Commercial Corridors projects.

Objective 3: Downtown Office Space

The operating budget includes no changes to parking fees and has balanced the Parking Fund on the existing fee structure. Moreover, \$100,000 is included for downtown office recruitment. The capital budget includes \$600,000 for the Hyatt Public Improvements project and \$152,000 for the Piazza Bergamo project to facilitate the ongoing redevelopment of downtown.

Objective 6: Infrastructure

The capital budget includes substantial investments to renew and improve infrastructure, including \$520,000 in two street resurfacing projects, \$350,000 for NSTEP, \$2,000,000 in wastewater improvements and \$2,545,000 in stormwater improvements. It also includes \$70,000 for the Fire Facilities Assessment project to review the condition of the City's oldest fire stations. The operating budget also includes \$350,000 to replace the Public Works Department's main sewer camera truck to increase its efficiency and effectiveness in evaluating the system.

Objective 7: Reedy River Green Space

The capital budget includes \$3,100,000 to acquire an eventual site to relocate the Public Works complex away from the Reedy River, \$2,450,000 in projects to extend and improve the Swamp Rabbit Trail and \$608,000 for additional improvements to Falls Park.

Objective 8: Fire Station

The capital budget includes \$3,881,000 to construct a fire station in the general vicinity of Verdae and Woodruff Road.

City Council's second budget workshop is scheduled for May 14 and a public hearing on the proposed budget is scheduled for May 21 at 5:30 p.m. in City Council chambers. Following the public hearing, City Council will hold first reading on the budget ordinance. Second reading is scheduled for May 29.

Interested citizens can view the proposed budget online at www.greenvillesc.gov or view hard copies at City Hall in the Greenville Cares office on the 1st floor, the Office of Management & Budget on the 7th floor and the City Clerk's office on the 10th floor.